

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH & HUMAN SERVICES**

**Call to Order:** By **CHAIRMAN EDITH CLARK**, on January 13, 2003 at 8:05 A.M., in Room 472 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Edith Clark, Chairman (R)  
Sen. John Cobb, Vice Chairman (R)  
Rep. Dick Haines (R)  
Rep. Joey Jayne (D)  
Sen. Bob Keenan (R)  
Sen. Emily Stonington (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Robert V. Andersen, OBPP  
Pat Gervais, Legislative Branch  
Lois Steinbeck, Legislative Branch  
Sydney Taber, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed. The time stamp refers to material below it.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: AMDD - Chemical Dependency Programs  
Executive Action: None.

**{Tape: 1; Side: A; Approx. Time Counter: 1.8 - 5.8}**

**CHAIRMAN CLARK** requested that Subcommittee members note their absences to one other member of the Subcommittee so that someone will know where they are. She then said that it is her ruling as Subcommittee chair that she will accept votes from members of the Subcommittee that have not been able to be present at a previous meeting for 24 hours following any action taken on a given date. She said that she would further instruct the Subcommittee secretary to note the time of action of the Subcommittee, especially noting the time that the vote was taken on every motion. She stated that she has received and accepted **SEN.**

**KEENAN**'s vote, notarized as to time and date on Friday, January 10, for action on **SEN. COBB**'s substitute motion to add \$24,585,665 general fund in FY04 and \$24,798,263 in FY05 back into the DPHHS budget. This vote of no makes the outcome a three yes, three no vote, and the motion fails.

**EXHIBIT (jhh06a01)**

**SEN. COBB** challenged the ruling, saying that the vote was already made, and they can not go back and change it. **CHAIRMAN CLARK** said that as Subcommittee chair she has accepted the vote. She added that it would take a positive action by the Subcommittee to take it to the Joint Rules Committee, but he may proceed with any action he wishes to take.

**HEARING ON ADDICTIVE AND MENTAL DISORDERS DIVISION - CHEMICAL  
DEPENDENCY**

**{Tape: 1; Side: A; Approx. Time Counter: 5.8 - 18.7}**

**Dan Anderson, Administrator of Addictive and Mental Disorders Division (AMDD)**, distributed a handout and went over the components involved within the chemical dependency (CD) portion of AMDD. He addressed the mission, the vision, and the guiding principles. A key concept of the chemical dependency program within the Department is that in every budget there is a chemical dependency component. He reviewed the funding sources which are the earmarked alcohol tax state special revenue (SSR) funds and federal block grants. The contracts that they have throughout Montana with state-approved programs serve the non-Medicaid population entirely with federal money.

**EXHIBIT (jhh06a02)**

**Chemical Dependency Medicaid Treatment****{Tape: 1; Side: A; Approx. Time Counter: 18.7 - 25.4}**

Referring to Exhibit 2, **Mr. Anderson** reported that the chemical dependency Medicaid program expended a little under \$1 million in fiscal year(FY) 2002. In the last session, the legislature added coverage for adults in the Medicaid program for outpatient chemical dependency treatment and utilization of that program has grown significantly. They use the earmarked alcohol tax as match for this program and are leveraging additional federal money to meet a serious healthcare need in the state. The Chemical Dependency Bureau worked on implementation of the adult service expansion, provider education and technical assistance, and improving the tribal Medicaid process. Their budget requests cover caseload growth, alcohol tax refinancing, and federal medical assistance percentage(FMAP) and eligibility reductions.

**Chemical Dependency NonMedicaid Treatment****{Tape: 1; Side: A; Approx. Time Counter: 25.4 - 45.6}**

Referring to Exhibit 2, **Mr. Anderson** reviewed the chemical dependency nonMedicaid treatment services funded through federal block grants. They contract with state-approved chemical dependency programs throughout the state. An exciting development within the program has been the implementation of family and adult recovery houses. Treatment in such settings allows recovering addicts to receive the support that they will need during the process. The family recovery homes allow children to stay with their mothers so that they will not have to be placed in foster care. There has also been an increase in family participation for the treatment of youth. The bureau has been training program providers in the implementation of best practices, and they have set in motion steps for improving access and retaining services. In order for successful treatment of individuals, treatment needs to be available when the individual is ready for treatment; there needs to be a support system for the individual; and youth need transportation to get to the treatment.

**Mr. Anderson** went over the budget request and then moved on to statistical information on patient use of services, use by age, outcome indicators, and the impact on society of drug use. He then highlighted the recovery home goals: stay out of jail, stay sober, receive therapy, and work.

**{Tape: 1; Side: B; Approx. Time Counter: 0.2 - 3.2}**

Continuing with his review of Exhibit 2, **Mr. Anderson** next went over the women and children recovery homes and the support provided to women seeking chemical dependency treatment. He

stressed that the program is outcome oriented. He added that 82 percent of the women in the program are methamphetamine users.

**Mr. Anderson** next went over the services provided to youth and said that the Department puts requirements for children's services in the provider contracts.

### **Chemical Dependency Prevention**

*{Tape: 1; Side: B; Approx. Time Counter: 3.6 - 9.6}*

**Mr. Anderson** next reviewed the funding of the chemical dependency prevention program saying that it is entirely federally funded. They are required to put 20 percent of the block grant into prevention services. They contract these funds with state-approved programs for prevention activities. There is also a community incentive program(CIP)grant that funds specific communities to support prevention activities. The third activity under prevention is monitoring sales of tobacco to youth. Under federal legislation, if the State does not meet the goal of increasing the percentage of merchants refusing to sell to underage people, the State is at risk for losing this chemical dependency block grant. He reviewed the risk and protection model used to create factors in communities that will protect children from drug and alcohol abuse.

*{Tape: 1; Side: B; Approx. Time Counter: 9.6 - 13.3}*

**SEN. STONINGTON** asked whether the Department had discussed tying tobacco and alcohol prevention together and using some of the tobacco prevention money for this purpose, and **Mr. Anderson** replied that they coordinate the two activities. **Gail Gray, Director of the Department of Public Health and Human Services(DPHHS)**, addressed this issue and went over the presentation plan for discussion of tobacco use prevention in Health Policy Services Division(HPSD).

*{Tape: 1; Side: B; Approx. Time Counter: 13.3 - 31.5}*

**REP. HAINES** commented that it does not make much sense to have two separate programs, and he would hope that they would work to reduce redundancy and duplication of effort. **Mr. Anderson** added that there is much to be said for consolidation of the efforts, but they are concerned that if they fail to meet their program goals, they could lose 40 percent of the chemical dependency block grant. They want to ensure that if there is a consolidation of different tobacco and other programs, there is enough emphasis given to this piece to ensure that they not lose federal funding.

**Mr. Anderson** reviewed the prevention needs assessment which gathers information use and prevention measures and assists communities in their application for grants. Synar compliance

requires them to do the before-mentioned inspections of vendors and analyzes the effort if they fail to meet their goal. There is a technology of prevention and they have begun prevention workforce development and training. There is a growing body of data of programs that work to reduce and prevent drug and alcohol abuse by children. They have looked at this in the design and training of their prevention program. There are two decision which reduce the CIP full-time equivalents(FTE)and request federal authority to complete the project. They use some of their block grant to support the Prevention Resource Center(PRC)which is in the Director's Office. It is important that prevention programs be coordinated and this is where that is done.

There was discussion of the data on student cigarette, stimulant, alcohol, and marijuana use in Montana versus national rates. The data is provided to schools and communities so that they have an indication of what is going on with these problems.

***{Tape: 1; Side: B; Approx. Time Counter: 31.5 - 35.2}***

Referring to CIP, **SEN. STONINGTON** asked what would happen in communities receiving those funds when the funds run out, and **Mr. Anderson** replied that one condition for receipt of the grant was that each of the subgrantees should be prepared to carry on the grant once the funding ends. **Roland Mena, Chemical Dependency Bureau Chief**, referred to Exhibit 2 and reviewed the CIP and the communities involved with the program. The Department is applying for a \$750,000 grant which will continue the subgrants over the next three years.

***{Tape: 1; Side: B; Approx. Time Counter: 35.2 - 48.7}***

**Mr. Anderson** continued that a growing number of children view alcohol as risky behavior, but a growing percentage of children view marijuana use as harmless behavior. **SEN. COBB** suggested that as tobacco becomes harder to get, more children turn to marijuana. **Mr. Anderson** concurred that there has been an upward trend in marijuana use as there has been more emphasis on the harm of tobacco. He continued with his program overview and reviewed the CIP in more detail. A large part of the program involves community training and education. He then reviewed the performance measures in more detail. The State is required to have 80 percent compliance, but that will level off.

#### **Montana Chemical Dependency Center**

***{Tape: 2; Side: A; Approx. Time Counter: 0.3 - 7.9}***

**Mr. Anderson** continued his overview with a review of the admissions to the Montana Chemical Dependency Center (MCDC). Of the three institutions, MCDC has the most chemical dependency

admissions. He reviewed some of the issues with MCDC. With regard to staffing and recruitment, addiction counselors are often difficult to hire in Montana. MCDC has a particularly hard time in recruitment because there are several large chemical dependency programs in Butte so there is a lot of competition for counselors.

**{Tape: 2; Side: A; Approx. Time Counter: 3.2 - 8.5}**

Responding to questions from the Subcommittee, **Mr. Anderson** said that there is no general fund in the program, but there is state funding in terms of the alcohol tax used for the Medicaid match, and MCDC uses alcohol tax money to operate. They do not own the facility, and the rent is fairly steep, so they have discussed breaking the program up as a budget option. This would be difficult since it is less expensive to run one big program, than several small programs. Whether they stay in Butte or move elsewhere, they need to look at some sort of long-term facility for this program.

**Mr. Anderson** explained that the institution for mental disease issue is the same for this program as it is for the state hospital. For Medicaid purposes the federal government views this as an institution for mental disease so people between the ages of 21 and 65, even if they are otherwise Medicaid eligible, will not be paid for in this facility. **Director Gray** commented that they had considered breaking up the program or moving to a different facility, not because they did not provide good service at MCDC, but because they do have excess space in some other Department facilities that they could use.

**{Tape: 2; Side: A; Approx. Time Counter: 8.5 - 15.5}**

Responding to a question from **REP. JAYNE, Bob Mullen, AMDD**, said that in FY02 they paid \$407,000 for a food contract and \$310,000 for rent of the MCDC facility. They are requesting a three percent increase on the food contract and two percent increase in the rent for their budget through FY05. The budget for these two items is \$800,000, which represents 30 percent of the total operation of the MCDC budget. There was further discussion of the facility used for MCDC as well as discussion of purchase of their own facility for this purpose and the debt service issue should they do so. **Director Gray** suggested the possibility of using the Eastmont facility for this purpose.

#### **LFD Issues Associated with Alcohol Tax Revenue**

**{Tape: 2; Side: A; Approx. Time Counter: 15.5 - 23.6}**

**Lois Steinbeck, Legislative Fiscal Division(LFD)**, commented that there are policy issues associated with using alcohol tax money for debt service. There is a question whether the alcohol tax

should be spent in state institutions or whether more of it should be allocated to the community because it is a more flexible funding source for communities. It is also used for Medicaid match, so they need to take these trade-offs into consideration.

**Ms. Steinbeck** reviewed the recommendations of the HGR 1 Committee study and said that the Executive Budget would not allow that proposal to go forward. She reviewed the Executive Budget proposal in comparison with the HGR 1 Committee proposal. Responding to Subcommittee questions, she said that they would receive the same amount of money, but the problem is in its distribution among programs. The same amount would be paid back to programs as Medicaid payments, but if the county had Medicaid payments in the same proportion that it received in alcohol tax distribution, no one would lose. The LFD issue associated with the executive proposal is that it shifts all the risk associated with having a general fund source to CD programs. A portion of alcohol tax money is allocated to DPHHS, and statute specifies the way it may be used. After the legislature appropriates money against the alcohol tax, everything remaining is statutorily appropriated for distribution to counties for local programs. This is the statute that will be in effect July 1 with no changes anticipated by this legislature. The Executive Budget would require a bill to allow the alcohol tax to be used for Medicaid match for mental health because that use expires.

**{Tape: 2; Side: A; Approx. Time Counter: 23.6 - 32.8}**

**Mr. Anderson** continued with a review of other MCDC issues such as facilities licensure and approval, co-occurring chemical dependency and mental illness, and pharmacy inflation. Because MCDC is a healthcare facility, they must provide 24-hour-a-day, 7-days-a-week nursing care, and they are requesting additional direct care nursing staff. He touched on the breakdown of information for those within MCDC. **Dave Peshek, Supervisor of MCDC**, answered questions from the Subcommittee on the types of drugs listed on Page 56 of Exhibit 2. **Mr. Anderson** went over the goals for MCDC and assessed the institutional performance. They particularly need to work on the continued care goal once people leave the facility.

#### **Chemical Dependency Bureau Administration**

**{Tape: 2; Side: A; Approx. Time Counter: 32.8 - 48.9}**

**Mr. Anderson** next reviewed bureau responsibilities for managing the Medicaid and nonMedicaid programs. He then went over the Provider Sponsored Organizations(PSO)and the purposes and responsibilities of these organizations and said that the bureau

has done a lot of work on training and technical assistance for providers and communities.

**{Tape: 2; Side: B; Approx. Time Counter: 0.1 - 8.4}**

**Mr. Anderson** went over some of the measures that they use to attract and retain staff. Responding to a question from **CHAIRMAN CLARK** as to whether reciprocity would help with the issue of staffing, **Mr. Anderson** said that it would. **CHAIRMAN CLARK** suggested that they could tell the Licensing Bureau to look into writing rules to allow reciprocity and give them guidelines to do this. There may need to be a committee bill for this. There was further discussion of such a proposal, including reciprocity for chemical dependency counselors, psychiatrists, social workers, and professional counselors.

**{Tape: 2; Side: B; Approx. Time Counter: 8.4 - 22}**

**Mr. Anderson** then addressed the issue of the Governor's Task Force recommendations on prevention, treatment, law enforcement, traffic safety issue, and so on. The Task Force has made numerous recommendations, and there are a lot of bills coming out of this. Continuing on, he said that there is really good data on need in the State. Despite expansion and the best efforts of providers in getting people into treatment, the State still has a long way to go to meet the need in this area.

Referring to Page 62 of Exhibit 2, **Mr. Anderson** continued his overview with a review of significant issues and their consequent challenges to living within the AMDD administrative budget. He touched on the available Medicaid services and the report on performance goals within Chemical Dependency and Mental Health. Responding to a query from **SEN. COBB** with respect to their goals for family services, **Mr. Anderson** and **Mr. Mena** both asserted that the goals had been too ambitious and unrealistic. The programs are working hard to build the system and training to engage families and bring them in to treatment. Outcomes greatly improve if the family is involved in the treatment process.

**Mr. Anderson** provided a more detailed breakdown of the chemical dependency program decision packages.

**EXHIBIT** (jhh06a03)

#### **LFD Issues Associated with Chemical Dependency**

**{Tape: 2; Side: B; Approx. Time Counter: 23.7 - 29}**

**Ms. Steinbeck** referred to B-172 of the LFD analysis and reviewed the funding summary for the division. She explained how the chemical dependency and mental health linkage through the Executive Budget funding mechanisms has become more pronounced.



She reviewed the changes in the budget. Referring to the conclusion in the table on B-173, she said that AMDD does not agree that alcohol tax funds are inadequate to support the Executive Budget. The major difference between this table and the current executive proposal is a reversal of an accrual in the base budget year. Depending on her review of information provided by the executive branch, this issue may or may not remain valid.

***{Tape: 2; Side: B; Approx. Time Counter: 29 - 35.6}***

Responding to questions from **SEN. STONINGTON**, **Ms. Steinbeck** said that in her analysis, she assumed that the accrual was paid, but the executive branch says that they accrued too much, reversed the accrual, and made more funds available in the ending fund balance. There is a point of difference about whether there are adequate funds in the account after the accrual is reversed to fund the Executive Budget. If funds are left in the account, they must be statutorily distributed to counties. She must look at the timing of the reversal of the accrual with respect to that statutory requirement. If the funds were supposed to be given to counties and they are not available to support the ending fund balance, the issue remains valid. When the accrual was reversed and if the funds were dumped into a different fiscal year, there may be adequate fund balances, but she will need to review this.

***{Tape: 2; Side: B; Approx. Time Counter: 35.6 - 48.9}***

**Ms. Steinbeck** reviewed alcohol tax revenue growth and the disbursement for chemical dependency and the related LFD issues. The Executive Budget diverts \$1 million, the amount historically available for counties, to Chemical Dependency to match Medicaid benefits. This is a funding issue, but is also a public policy issue. The next issue involves illegal use of funds for justice equipment, quality assurance licensure, Pine Hills, and labor POL boards. Using it for Medicaid Mental Health match may also not meet statutory criteria without a change either. These uses have been going on for a number of years. **Ms. Steinbeck** referred them to B-174. There was continued discussion of this issue.

***{Tape: 3; Side: A; Approx. Time Counter: 0.3 - 17.9 }***

**Ms. Steinbeck** referred to B-190 of the LFD analysis and reviewed the funding switch which would take \$1 million out of Medicaid mental health benefits and put in \$1 million of SSR. Previously, this \$1 million went to the counties. The issue is that counties lose a flexible funding source, and the SSR has no strings other than that it must be used for CD treatment so counties can use it for their purposes. This may require a statutory change which would require a committee bill. **Mr. Anderson** said that the current law is sunsetted and goes back to where it was prior to the last session. They did not see the need for a statute to

spend this money in Medicaid. It could be diverted for one of the statutory uses, but not for mental health Medicaid match. There was continued discussion and explanation of this issue with **Ms. Steinbeck, Mr. Anderson, SEN. COBB, SEN. STONINGTON, REP. HAINES, and Mr. Andersen.**

**{Tape: 3; Side: A; Approx. Time Counter: 17.9 - 25}**

**Mr. Anderson** explained the two-step process. They would use the alcohol money in the Medicaid program. They would then appropriate \$270,000 in general funds which would be matched with federal funds to bring it up to the full \$1 million and distribute that money. They would distribute the money directly through the programs, not through the counties. This would be an access payment in exactly the same proportion as the counties have been distributing to the programs. The programs that currently receive the money through the counties would receive the same amount of money, but it would now be a combination of general funds and federal money rather than alcohol tax. There would be no strings attached to it. The whole amount would go through cleanly.

**{Tape: 3; Side: A; Approx. Time Counter: 25 - 32.2}**

**SEN. COBB** asked if the access payment could also be used for non-Medicaid people, and **Mr. Anderson** said that they are making a payment to a Medicaid provider, which is not directly tied to fee-for-service. They are also proposing to do this in the mental health system. They are still subject to the upper payment limit (UPL), but CD has no problem with that. There was a continuation of the discussion of the access payment with **Mr. Anderson, SEN. COBB, and REP. HAINES.** It is a payment to assure that certain providers can keep their doors open.

**{Tape: 3; Side: A; Approx. Time Counter: 32.2 - 45.7}**

**SEN. STONINGTON** asked about accountability should there be a block grant from the State to the counties, and **Mr. Anderson** explained the current distribution formula. He said that DPHHS knows the scope of the entire program provision, but suggested that perhaps someone representing the counties could respond to this. **Mike Ruger, CEO of Boyd Andrew Community Services in Helena,** said that they would prefer that the alcohol tax be maintained as it is. He said that he agrees that the counties would lose control under this proposal and added that there are differences of opinion as to whether there are or are not strings attached. **SEN. STONINGTON** said that she thinks it is a good idea to maximize federal funds, but she does not like the idea of county programs being funded directly from the State with no county oversight. She said that perhaps they should look at this again. **Mona Jamison, representing Gallatin County and Boyd Andrew Community Services of Helena,** explained that as it is now,

before a county can have a second approved program that receives the fund, the county must make a plan and make certain that there are no duplication of services. This works well because this allows control at the local level and no duplication of services. There are many losses should they change the program. **SEN. STONINGTON** said that she thinks that if they go this route, they need to tie county oversight into statute so that they can maintain this kind of efficiency at the county level.

**{Tape: 3; Side: B; Approx. Time Counter: 2.6 - 9}**

**Ms. Steinbeck** went over the fund shift again. She said that she would like written documentation from the federal government about how access payments can be made.

**Ms. Steinbeck** said that another LFD issue is that in the executive proposal the entire risk of general fund reductions is shifted to counties. If the Executive Budget were approved by the Subcommittee, they could help hold counties harmless by shifting alcohol tax to the new proposal and shift general fund back. **Mr. Mullen** said that they would be happy to make this change, and **Ms. Steinbeck** said that she would work with the division on this.

**Ms. Steinbeck** concluded that another chemical dependency program issue is the statutory medical and necessity provider criteria act to manage the number of Medicaid providers in a state. This management model of Medicaid providers could be used by other divisions, and she gave further information and suggestions on this.

**{Tape: 3; Side: B; Approx. Time Counter: 9 - 22.6}**

**Mr. Anderson** referred to Exhibit 3 and went over the program decision packages answering questions from the Subcommittee members and **Ms. Steinbeck**. **Mr. Anderson** distributed a summary of the nonMedicaid mental health program requests.

#### **EXHIBIT (jhh06a04)**

**Director Gray** expressed the Department's strong support for anything that will move general fund into the Mental Health Services Plan(MHSP).

**{Tape: 3; Side: B; Approx. Time Counter: 22.6 - 27.3}**

**Ms. Steinbeck** said that there needs to be a way to fund the State Supplement Program which needs to be adjusted because of DP 147. If that were to be included in here, it would be about \$35,000 a year, if not, it would be cost shifted to Senior and Long Term Care Division(SLTCD). **Mr. Anderson** said that there will be more

people in group homes, and they will be eligible for the state supplement payment. There was further discussion of this.

### **Agency-wide LFD Issues**

***{Tape: 3; Side: B; Approx. Time Counter: 27.3 - 34}***

**Ms. Steinbeck** referred the Subcommittee to B-1 of the LFD analysis. **Pat Gervais, LFD**, reviewed the Department supplemental which has been in flux. The Department is currently requesting a supplemental appropriation of \$900,000 for the Montana Developmental Center(MDC), and there is indication that the supplemental appropriations bill will be amended to request \$1.2 million for Child Support Enforcement Division(CSED). When they discussed this with the Department in December, the potential shortfall in CSED was estimated at about \$3.4 million. At this point, the supplemental request will include \$900,000 for MDC and \$1.2 million for CSED, which leaves a potential shortfall in CSED. **Ms. Gervais** said that she has no information on how the Department plans to cover this and has concerns about whether they will be able to do this. She then highlighted other division shortfalls within the supplemental request.

***{Tape: 3; Side: B; Approx. Time Counter: 34 - 39}***

Referring to B-2, **Ms. Gervais** raised the issue that refinancing efforts have been undertaken in the Developmental Disabilities(DD)program, and the general fund available due to the refinancing efforts was reinvested in the program. The general fund was not used to mitigate the request for a supplemental at MDC nor to mitigate supplemental appropriation requests within the Department. The Subcommittee could direct that the refinancing money be used to offset some of the shortfalls.

***{Tape: 3; Side: B; Approx. Time Counter: 39 - 49.9}***

**Ms. Steinbeck** reviewed the general fund budget request increases of one percent between the 2003 and 2005 biennium, and she said that she has never seen such a low percentage of increase. It is about a \$5.5 million general fund increase between the two biennia. The Executive Budget recommends service reductions and elimination of programs at about \$36 million and nearly half of that comes in the adult MHSP. She and **Ms. Gervais** reviewed program reductions and eliminations.

***{Tape: 4; Side: A; Approx. Time Counter: 0.1 - 9.5}***

**Ms. Gervais** explained the CPS childcare program, its funding, and what that means to the program. The total fund reduction would be about a \$20 million loss over the biennium.

**Ms. Steinbeck** referred to B-3 of the LFD analysis. This is a summary of the major issues in the Executive Budget. She went over the bills and changes to statute if the Executive Budget is adopted and if further reductions are made. **Ms. Steinbeck** said that legislative policy options and policy-making ability should remain with this body. She gave examples of possible changes to statute.

***{Tape: 4; Side: A; Approx. Time Counter: 9.5 - 20.1}***

**Ms. Gervais** went over the history of the Employment Security Account (ESA), its prior use by the legislature as a funding swap for vocational rehabilitation, and its potential use as a funding swap again. **SEN. COBB** reviewed how they could use it for DPHHS programs and suggested that they take it before someone else uses it. **Ms. Gervais** went over programs which would be consistent with its historical use. **Ms. Steinbeck** referred them to B-116 of the LFD analysis. If the Subcommittee wished to appropriate this money, there is \$3.6 million each year of the biennium for that purpose.

**EXHIBIT (jhh06a05)**

***{Tape: 4; Side: A; Approx. Time Counter: 20.1 - 28.1}***

**Ms. Gervais** referred the Subcommittee to B-19 and reviewed the issue of consistency among programs with respect to application of income criteria for determination of DD service programs. There is no resource and assets test within DD to determine eligibility for program services. She gave examples of other programs which must use such eligibility criteria.

***{Tape: 4; Side: A; Approx. Time Counter: 28.1 - 37}***

**Ms. Steinbeck** went over other policy decisions made by the Subcommittee which used eligibility criteria to control costs. There was discussion of the Travis D Lawsuit, and the applicability of policies to control cost as a defense against such a lawsuit. **Director Gray** added her comments on the lawsuit issue and explained that they used the refinancing money from DD to move more people into the community as a defense against the lawsuits.

***{Tape: 4; Side: A; Approx. Time Counter: 37 - 43.5}***

**Ms. Steinbeck** referred to B-8 of the LFD analysis and went over the LFD issue associated with consistency among divisions and the shifting of resources among divisions. She said that almost all of the services reductions implemented occurred in AMDD, SLTCD, and HPSD address the 2003-2005 biennium cost overruns. Very few major reductions occurred in other divisions. In some respects, the Department is being managed as a series of separate entities instead of a series of integrated and related programs.

**{Tape: 4; Side: A; Approx. Time Counter: 43.5 - 47}**

Referring to B-4, **Ms. Steinbeck** went over the percentage of change in the Department budget between the 2003 and 2005 budgets. The majority of the change is in direct services to individuals. Close to 70 percent of general fund is used to pay providers for services or support state institutions. If the Subcommittee wishes to make significant changes in the amount of general fund expended by this agency, they must look at those two areas.

**{Tape: 4; Side: B; Approx. Time Counter: 1.4 - 4.6}**

Referring to B-6, **Ms. Steinbeck** said that it shows the allocation of the funds. She concluded that in order to effect the \$35 million in general fund reductions included in the Executive Budget and \$44 million included in this budget, the Subcommittee will need to look at service changes. She went over the general fund reductions enacted in this division over the 2003 and 2005 biennium.

**John Chappuis, Deputy Director of DPHHS**, distributed and reviewed a summary of budget reductions and program expenditures affecting the Department.

**EXHIBIT** (jhh06a06)

**ADJOURNMENT**

Adjournment: 12:12 P.M.

---

REP. EDITH CLARK, Chairman

---

SYDNEY TABER, Secretary

EC/ST

**EXHIBIT** (jhh06aad)